Oil & Gas Bulletin

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Turkey's 1st drillship to be sent to Mediterranean soon

Anadolu Agency, *15.01.2018*

Turkey's first drilling ship will be sent to the Mediterranean Sea for offshore oil and gas exploration and drilling in the region as soon as possible, Turkey's Minister of Energy and Natural Resources said on Monday.

Speaking at the opening ceremony of the Kazan Soda Electricity Production facility in Ankara, Albayrak hailed 2017 as a successful year for oil and natural gas exploration and said the country's first active drillship is destined to open a new page in exploration for Turkey. The country has already undertaken oil and gas exploration using two seismic ships,

But the vessel will be the country's first active drillship. The South Korean vessel was produced in 2011, has a length of 229 meters, and is capable of drilling to a maximum depth of 40,000 feet. Albayrak noted that last year was also important in terms of the launch of Turkey's Renewable Energy Resources Zone (YEKA) tenders, which were significant in efforts aimed at reducing foreign energy source dependency. "The YEKA tenders will continue in 2018 intensively as we try to make our country a center for wind and solar technology," he asserted.

As an energy importing country, energy costs are an important share of the country's current account deficit as Turkey is heavily dependent on foreign energy resources, including oil and natural gas. Consequently, part of the country's target is to increase the share of domestic and renewable sources in its total electricity generation. In 2016, Turkey produced 32 percent of its electricity from natural gas, coal accounted for 32 percent, 25 percent was produced from hydroelectricity and the remaining share was generated through wind, solar, geothermal, and biomass power plants.

Construction of TurkStream receiving terminal starts

Anadolu Agency, *17.01.2018*

The building works of the TurkStream pipeline project on Turkish onshore part kicked off with the construction of the receiving terminal for offshore gas pipelines, South Stream Transport BV announced on Wednesday.

With the start of the onshore construction at the town of Kiyikoy, located approximately 100 kilometers west of Istanbul, the project is now being implemented in three construction areas: onshore Russia, onshore Turkey and offshore in the Black Sea, according to South Stream, the company overseeing the construction of TurkStream.

“Since 2015, surveys have been conducted to identify the best location for the facility. The results have been incorporated in the Environmental Impact Assessment (EIA), which was approved by Turkish authorities in September 2017. All necessary permits to prepare the area for construction are in place,” the statement read. The contract for the construction of the natural gas receiving terminal was signed with Petrofac in September 2017 and the company assigned the Turkish construction company Tekfen as its main subcontractor. The construction of the landfall facilities on the Russian side of the Black Sea, near the city of Anapa, is reaching its final stages. It is expected to be completed in 2018.

Pioneering Spirit, the world's largest construction vessel owned by Allseas, continues to work on the construction of two offshore pipelines. The first line of the TurkStream natural gas project will reach the Turkish shore in May of this year and will start pumping gas at the end of 2019. The TurkStream project consists of two lines, the first of which will serve Turkey with a capacity of 15.75 billion cubic meters, while the second line is planned to serve Europe.

OPEC under pressure as oil rally continues

Oil & Price, *16.01.2018*

The surge of Brent crude prices over the last few weeks to $70 may be rattling OPEC, raising questions about the longevity of the collective production cuts.

OPEC officials surely did not expect such a dramatic run up in prices, at least not this early in the year. Both OPEC and the IEA have forecasted a rebound in crude storage levels in the first half of this year, a trend that was thought to keep a lid on any price rally. The working assumption was that oil prices wouldn't dramatically improve until mid-2018. OPEC didn't think they would have to answer too many questions.

These about the group's plan until its June meeting. But with Brent at $70, the market is watching for clues about OPEC's resolve and some tiny cracks appear to be forming. Russia's energy minister said last week that OPEC and the non-OPEC coalition would begin discussing the possibility of a "smooth exit" from the production cuts, according to Reuters. Russian energy minister Alexander Novak also tried to tamp down concerns about prices rising too much too fast, arguing that the rally was likely temporary. "We see that the market is becoming balanced. We see that the market surplus is decreasing, but the market is not completely balanced yet," he told reporters. "Of course, we need to continue monitoring the situation."

The chief of Russian oil company Lukoil said last week that Russia should exit the deal if oil prices remain at $70 per barrel for more than six months. Meanwhile, Iran's oil minister recently admitted that OPEC does not want oil prices above $60 per barrel. Although there is little chance of any change in course anytime soon, OPEC officials will be compelled to discuss the state of the market at their upcoming monitoring meeting in Oman on January 21. Other top oil ministers recently went public to shore up the group's resolve, or at least to reassure the oil market that the group's cohesion was not under strain from high oil prices.

UAE's energy minister told CNBC last week that although prices have climbed quickly, there is still more work to do. "I am expecting that we will still see corrections in 2018 and I think it's the year of... the market fully achieving the balance," he said. Qatar's energy minister told its state news outlet, according to Bloomberg, that OPEC shouldn't review the accord until global inventories come back down to the five-year average, the metric upon which OPEC is basing its production cuts. Iraq's oil minister also sought to reassure the market about OPEC's resolve. "There are some sources here and there indicating that the market is flourishing now, the prices are healthy, so let's talk about terminating the freeze," oil minister Jabbar al-Luaibi said at a conference in Abu Dhabi. "This is the wrong judgment, and we don't agree with such a concept."

The support of OPEC's second largest oil producer is notable. "We hope the whole dynamic will continue throughout 2018," al-Luaibi added. "The deal should continue. The market now is stabilizing somehow but it's not yet stable." Oman — not an OPEC member but a party to the agreement — echoed these comments in a Bloomberg interview. "It's absolutely crazy, for all of us, to increase production by 10 percent and to lose revenue by 40 percent, and this is what we did in 2014," Oman oil minister Mohammed Al Rumhy said.

Based on all of the recent statements from key oil ministers party to the OPEC deal, there doesn't seem to be any daylight between them – OPEC will stay the course until the market becomes balanced. But that could come a lot sooner than the group thought if current trends continue. JP Morgan said in a recent research note that OPEC was "very likely to cut short" its deal if the market balances before the end of the year.

Still, there are reasons why OPEC shouldn't rush to judgement and hop off of the market management train too soon. A lot of speculative money is helping to push prices up. If investors unwind those bullish bets, prices could quickly come back down. Also, the definition of the "five-year average" for oil inventories is a moving target, one that sort of waters down the meaning of declining inventories. Because the range in that five-year timeframe increasingly encompasses a period of time of elevated inventories, the target that OPEC is aiming for is moving closer. In other words, at the same time that real world inventories are declining, the "five-year average" target is rising.

The upshot is that what is considered average is a lot higher than it used to be. That means OPEC doesn't necessarily need to panic that it is overshooting and tightening too much. But the one factor that is probably rattling OPEC more than anything is the prospect of another wave of U.S. shale supply. Expectations of growing U.S. shale production have risen recently, with an aggressive growth scenario laid out by the EIA last week. Also, the head of the IEA said last week that oil prices between $65 and $70 per barrel risks oversupply from U.S. shale. On top of that, if shale drillers use the recent rally to lock in hedges for 2019 and beyond, they could ensure the supply gains keep coming, regardless of a price correction. Some view that as a reason for OPEC to keep the production cuts in place — the group won't overshoot because there is plenty of supply coming. But, as the comments from Iran's oil minister illustrate, some within OPEC are getting worried that the production cuts themselves are sparking too much shale supply. That raises the odds of faltering compliance this year.

The OPEC and non-OPEC alliance could be formalized, UAE oil minister hints

CNBC, *11.01.2018*

Energy and Industry Minister Suhail al-Mazrouei said the partnership between global oil producers to try to stabilize oil markets, by curbing output, was working. The United Arab Emirates' (UAE) oil minister has hinted that an alliance between OPEC and non-OPEC producers, including Russia, could continue in some shape or form beyond their current deal to curb oil output.

Speaking to CNBC Thursday, the Energy and Industry Minister Suhail al-Mazrouei said the partnership between global oil producers to try to stabilize oil markets.

By curbing output, was working and could go further than a December 2018 deadline. "I am expecting that this group of countries that stood and have become responsible for helping the market to correct, (that) there is a very good chance that they could stick together and put a shape around that alliance," al-Mazrouei said. Last November, OPEC and 10 non-OPEC producers led by Russia agreed to extend cuts to their oil output in an attempt to push prices higher. Starting in mid-2014, a slide in global demand combined with a boom in U.S. shale production to severely undercut prices. UAE Energy Minister Suhail al-Mazrouei (C) speaks to journalists as he attends the 173rd OPEC Conference of Organization of the Petroleum Exporting Countries (OPEC) in Vienna, on November 30, 2017.

UAE Energy Minister Suhail al-Mazrouei (C) speaks to journalists as he attends the 173rd OPEC Conference of Organization of the Petroleum Exporting Countries (OPEC) in Vienna, on November 30, 2017. The OPEC/non-OPEC deal is due to run out in December 2018, although the producers will review the agreement at their next meeting in June to assess how it is impacting prices and global crude stockpiles. There have been rumors that Russia might want to end the deal earlier rather than later due to jitters among Russia's oil industry about the duration of the curbs. Speaking to CNBC at the 9th Gulf Intelligence UAE Energy Forum in Abu Dhabi, al-Mazrouei said he was impressed at how well the OPEC and non-OPEC partnership was working, particularly with production data showing a high level of compliance to the agreement. "OPEC will continue to be a strong organization and I think this phenomena of getting others to join OPEC in their cause of market recovery, and achieving enough to incentivise investments into this industry, is something in which interest is growing," he said.

Greek Cyprus, Israel falling behind Egypt in energy prospects

Cyprus Mail, *14.01.2018*

In the East Med, 2017 was a year during which Israel and Greek Cyprus said a lot but achieved little, while Egypt said less but achieved most.

2017 was a good year for Egypt. It secured a $12 billion loan from the IMF, which led to floatation of the Egyptian pound, adoption of an energy sector reform programme – including liberalisation of the gas industry – and subsidy reductions. These reforms have already benefited the energy sector. Gas production has increased, with the giant 30 trillion cubic feet (tcf) Zohr gas-field becoming operational in December 2017 and already helping to reduce LNG imports by 30 per cent.

The first phase of Zohr will be completed during the first half of 2018, adding over 10 billion cubic metres (bcm)/yr to the Egyptian gas grid, rising to about 28 bcm/yr by 2019. With a number of other, smaller gas-fields, being developed over the same period, Egypt expects to become self-sufficient in gas by the end of 2018, allowing it to phase-out liquified natural gas (LNG) imports and resume LNG exports in the 2019-2020s. This is good news for the country but bad news for Israel and Cyprus that nurture hopes of exporting gas to Egypt. These developments will make 2018 an even better year for Egypt's energy sector. Increasing investments, attracted by the reforms and high gas prices, will lead to increased exploration and production activities and more discoveries. EGAS is planning to issue global tenders in 2018 for new Red Sea and western Mediterranean concessions.

In addition, with a new ambitious target to achieve 42 per cent of electricity generation from renewable sources by 2025, including hydro, and with a phase-out of subsidies and higher energy prices starting to impact consumption and bringing it under control, 2018 will be a turning point for Egypt. The greatest challenge in 2018 will be to implement fully the new gas law and deregulation by completing liberalisation of Egypt's gas industry, with the potential of creating a freer, more flexible and more efficient gas market. This should support Egypt's hub aspirations and help attract more investment in a sector that is so crucial to Egypt's economy.

In contrast, Israel's sole success in 2017 was to achieve a final investment decision (FID) for Phase 1A of Leviathan, aiming to achieve production by the end of 2019. But even this has its own risks. The deal with the Jordanian National Electric Company (NEPCO), to supply 3 bcm/yr gas over 15 years, is still subject to political risks with resistance to it in Jordan, including from the parliament, still strong. This has been exacerbated by the escalating Turkey-Israel tension following the US announcement to recognise Jerusalem as the capital of Israel. In addition, most of the secured gas sales agreements are to independent power producers still to be realised.

The lack of export routes and perceived regulatory risks have also affected a successful conclusion to Israel’s first offshore licensing round, launched at the end of 2016, with no participation by major international oil companies. Out of 24 tendered, five blocks were awarded to Energean and one to a group of Indian oil companies led by ONGC. Israel may launch another offshore licensing round in 2018, but unless conditions change it may not fair any better.

Phase 2 of Leviathan depends on securing exports and firm gas sales deals through exports to Turkey, Egypt and Europe. All these options face major political and commercial challenges. Even though a gas pipeline framework deal looked likely to be signed with Turkey, this is now unlikely to happen soon and 2018 will probably prove disappointing for this project. In addition, for commercial reasons, the EastMed gas pipeline to Europe may prove to be a pipedream rather than a pipeline, despite framework agreements signed between Israel, Cyprus, Greece and Italy and support by the European Commission, unless of course it receives a substantial subsidy from the EU. Gas exports to Egypt face commercial and also political challenges. However, with low prices undercutting Leviathan gas, the development of Tanin and Karish gas-fields in Israel by Energean should achieve FID and proceed successfully to construction in 2018.

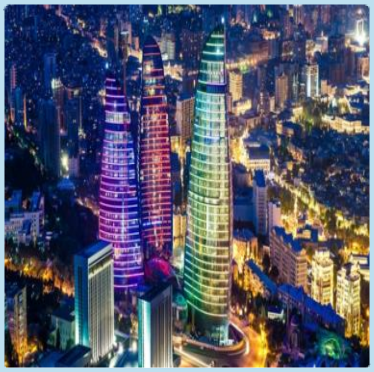
Lebanon’s first offshore licensing round produced results with a consortium of Eni, Total and Novatek being awarded blocks 4 and 9. The challenge in 2018 will be the promising block 9 which includes an area disputed by Israel. Cyprus’ third offshore round was concluded successfully early 2017, with three blocks awarded to Eni, ExxonMobil/Qatar Petroleum and Total. But that was the only success in 2017. Aphrodite gas-field, discovered in 2011, is still looking for buyers for its gas and even though a new drilling round started in 2017, Total’s first well in block 11 turned out to be a dud.

Another disappointing outcome was that the Cyprus problem negotiations collapsed in July 2017 without agreement, despite two years of discussions. Continuation is unclear and will have to wait conclusion of the presidential elections in a few weeks’ time. However, based on promising results from the assessment of seismic data, drilling started end of December by Eni in block 6. Eni’s plan is to immediately continue drilling in block 3 in 2018. In addition, ExxonMobil may have better chances of success when it drills in block 10 during the second half of 2018. By the end of 2018 Cyprus should know what quantities of gas exist in its licensed blocks. But this will not be without its challenges. Turkey will continue harassment of drilling activities and may increase the ante by drilling in Cyprus EEZ. But finding gas in the East Med may prove to be easier than selling it. Exporting gas outside the region is still challenged by persistently low global gas prices, expected to stay low for the longer-term as global energy supply continues to outpace demand. The future for East Med gas exports may be through integrated projects to minimise costs, and LNG, and even then it will be challenging.

However, Cyprus should also consider other options, than just exports to utilise its gas. Such options could enable development of Aphrodite to supply gas to the island, and support petrochemical and power generation projects, rather than rely on importing LNG which may prove to be costly. This would require a major change of current thinking that may prove to be a challenge too far in 2018.

Azerbaijan: A crucial energy hub

Oil & Price, *13.01.2018*



The estate agent's mantra is "Location, location, location," which is also Azerbaijan's challenge and opportunity. Recent developments in Azerbaijan's neighborhood – the potential resolution of the status of the Caspian Sea;

a more vibrant Central Asia due to Uzbekistan's new openness towards its neighbors; and economic cooperation between Azerbaijan, Turkey, and Georgia - portend a greater political and economic role for the Republic of Azerbaijan. On 28 May 2018, Azeris will celebrate the 100th anniversary of the founding of the Azerbaijan Democratic Republic. The short-lived republic was invaded and subjugated.

By the Bolsheviks in April 1920 after several unsuccessful attempts to establish diplomatic relations with Moscow. The loss of their free republic left today's Azeris alert to threats to their sovereignty, independence, and territorial integrity. Russia recently announced that an agreement on the status of the Caspian Sea is imminent. Final agreement on the status of the Caspian, as a lake or a sea, will determine the share out of the oil and gas wealth in the sea bed. If a lake, the five littoral states – Azerbaijan, Russia, Kazakhstan, Turkmenistan, and Iran - would divide the wealth equally among themselves; if a sea, each country can exploit the Caspian's resources in their territory as they wish. Azerbaijan, like Turkmenistan and Kazakhstan, considers the Caspian a sea; Iran claims it is a lake based on an agreement with Soviet Union; and Russia is fuzzy on the issue with the Foreign Ministry calling it a lake, but the powerful oil and gas industry preferring it be a sea in order to maximize oil and gas exploration opportunities.

Agreement that the Caspian is a sea would immediately benefit Azerbaijan as it could then work with international partners to determine the viability of a trans-Caspian pipeline to bring natural gas from the Caspian and Turkmenistan to Europe. This will avoid a Russian route which will never be free of Moscow's tendency to "shut the taps" in its inevitable next dispute with the countries that are buyers or sellers of the gas. In any case, final clarity on the Caspian issue will allow the region's leaders to set their political and economic priorities. Uzbekistan's newly-elected President, Shavkat Mirziyoyev, has moved rapidly to normalize relations with the neighboring Central Asian states. Uzbekistan's foreign policy, which will focus in its relations with states in the Central Asia region, has already shown economic benefits, and can encourage further cooperation in political and economic matters and prevent the states from being picked off by the regional hegemons, Russia, China, and Iran.

The Central Asia states can cooperate with the neighbors in the South Caucasus, also former Soviet republics, to resist the hegemons by cooperating and coordinating, and soliciting out-of-area allies from North America, Europe or Asia. These new states are each still deciding how to organize as a country, so will be prickly when lectured by outsiders, having finally escaped domination by the czars and the commissars. That said, they are all outward-looking with young, educated populations, and interested in advice, not direction, so it behooves potential allies to not make the perfect the enemy of the good. The just-announced "National Security Strategy of the United States of America" declares "…we seek Central Asian states that are resilient against domination by rival powers, are resistant to becoming jihadist safe havens, and prioritize reforms." Azerbaijan and its neighbors should say "Me too" and demonstrate they agree that "…peace, security, and prosperity depend on strong, sovereign nations that respect their citizens at home and cooperate to advance peace abroad."

Azerbaijan, Turkey, and Georgia recently showed what cooperation looks like when their leaders commissioned the Baku-Tbilisi-Kars (BTK) railway, from the Azeri port of Alat, on the Caspian Sea, to Tbilisi, Georgia, ending in Kars, Turkey, where it joins Turkey's rail line to Europe. The railway is expected to move 5 million tons of cargo a year at first, eventually rising to 17 million tons, and will carry goods from China to Europe in 12 to 15 days. Like the mooted trans-Caspian pipeline, the BTK railway will avoid Russia, ensuring goods from Asia, and Kazakhstan's Caspian port of Aktau, can freely move to Europe avoiding pitfalls from the likely additional U.S. and EU sanctions against Russia. As Ronald Reagan would have said, "Trust, but always have an alternative route."

An additional joint opportunity is military-technical cooperation to standardize equipment in the region or jointly develop equipment. In 2017, Turkey launched an aggressive defense export campaign and has scored sales to Turkmenistan and recently inked a joint venture with Uzbekistan. Azerbaijan has also made a push to develop its own weapons for export and for use against the Armenia-backed separatist forces in the Nagorno-Karabakh region. Cooperation and planning now will ensure there isn't a glut of unproductive defense facilities draining finance ministry coffers in the future. Friendly countries should encourage cooperation that strengthens these economies and make them more confident and self-reliant, and less likely to succumb to Russian, Chinese, and Iranian political pressure. Azerbaijan, Turkey, and Georgia should declare that all traffic on the BTK will move without hindrance because the more countries that use the BTK corridor, the more will be alert to the need to keep it free of political interference. And as efficient transport routes attract smugglers, the states can use this to gain intelligence and law enforcement cooperation with Europe and the U.S., further shielding them from Chinese, Russian, and Iranian meddling, though in Iran's case the meddling in Baku's Shia community has started.

China is eyeing the region as the Central Asia-West Asia Economic Corridor part of its Belt and Road Initiative. Local participation in building the infrastructure will build the skills of local firms and encourage investment in non-energy exports, but only concerted joint action and a refusal to be split can guarantee local work share and participation in the initiative and, most importantly, avoid losing control of natural resources and infrastructure to China's "creditor imperialism". Azerbaijan has two strategic challenges and they're connected: First, the dispute with Armenia over the Nagorno-Karabakh region has festered since 1988 and, in 2016, the danger of full scale hostilities escalated. This dispute, which isn't just a post-Soviet border scrap requiring some diplomatic elbow grease for resolution is, to Azeris, rooted in the belief that the dispute is a last phase of the deportation of ethnic Azeris from Armenia, which was started in 1918 by the First Republic of Armenia, taken up by Stalin, and continued in fits and starts to the 1990s. The second challenge is the large number of internally displaced persons (IDPs), almost 600,000 and due to the Nagorno-Karabakh dispute. The Azeri government has dedicated significant resources to the displaced, but it now has one of the highest numbers of IDPs per capita in the world and integrating them into the economy of the "mainland" will become more critical if the Nagorno-Karabakh dispute isn't soon resolved.

And progress in resolving the Nagorno-Karabakh dispute has lagged, but development of local transport corridors for rail shipments, the BTK railway, and crude oil, the Baku–Tbilisi–Ceyhan pipeline, has apparently forged ahead of the political process. But it is more likely that infrastructure development is key to the politics as the investments have isolated Armenia, and its traditional ally, Russia, hasn't done anything about it, probably because Russia is working on its own deal, a trans-Azeri pipeline to Iran. Whether this isolation makes Armenia more amenable to a deal with Azerbaijan remains to be seen, though it may be that Armenia hopes conflict near so many valuable assets will draw in the U.S., Russia, China, and the EU to force a settlement. Azerbaijan is the hinge of Europe and Asia, and like any hinge it requires some maintenance in order to operate freely. Events are conspiring to make it a center of attention – not always a good thing when the U.S. and EU are concerned. It is incumbent on outsiders to restrain their improving impulses to "enough", and on Azerbaijan's administration to make continued improvements in the economy and public participation so all Azeris share in the free and prosperous future they can make together.

Gazprom to invest $3.2B in TurkStream for 2018

Anadolu Agency, *15.01.2018*

Russian gas giant Gazprom plans to invest $3.2 billion this year in TurkStream natural gas pipeline project, said the company's deputy chairman.

Alexander Medvedev, deputy chairman of the management committee, said that tin 2018 the company will almost double its investments in TurkStream compared to last year. He also said that the company will spend another 114.5 billion roubles to Nord Stream II, which will carry 55 billion cubic meters of Russian gas to Germany per year. Medvedev reminded that the company spent around 92.8 billion roubles.

The first line of the TurkStream natural gas project will reach the Turkish shore in May of this year and will be in service at the end of 2019. The TurkStream project consists of two lines, the first of which will serve Turkey with a capacity of 15.75 billion cubic meters, while the second line is planned to serve Europe. Four hundred and fifty kilometers of pipes will be laid over a 930-kilometer route under the Black Sea to reach the Thrace region of Turkey along the Black Sea coast.

Novatek's natural gas production falls 6.2% in 2017

Anadolu Agency, *17.01.2018*

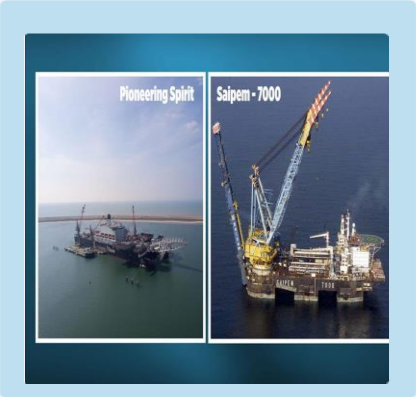
Russian Novatek's natural gas output decreased by 6.2 percent to 63.39 billion cubic meters in 2017, the company said on Wednesday.

The company said that production of liquids such as crude oil fell by 5.4 percent from 2016 to 11.77 million tonnes last year. Novatek sold its first train of Yamal LNG totalling 65.01 billion cubic meters of natural gas in 2017. As of Dec. 31, 2017, NOVATEK in its inventory had 1 billion cubic meters of natural gas, 754 thousand tons of stable gas condensate and petroleum products in storage or in transit.

In 2016, the company's natural gas production was 67.65 billion cubic meters.

Force of Russia-Turkey relations echoed in gas projects

Anadolu Agency, *17.01.2018*



Moscow and Ankara are boosting their new found cooperation following the thaw in relations after Turkey's downing of a Russian jet fighter in November 2015 by giving their full support to their mutually-beneficial Black Sea subsea natural gas pipeline project, the TurkStream project.

Proposed by Russian President Vladimir Putin during a state visit to Ankara before the jet crisis, has become an essential component in Turkish-Russian economic relations and will provide energy-hungry Turkey much needed natural gas. The project will provide 15.75 bcm equivalent to around 40 percent of the country's annual consumption.

The South Stream company, the company overseeing the construction of TurkStream and a Dutch subsidiary of Russia's gas giant Gazprom agreed to utilize the best resources available reflecting the urgency of both parties' willingness to realize the project. The existing Blue Stream pipeline from Russia to Turkey, completed in 2002, was also deemed an important project and as a testament to both countries' aspiration to realize these projects, both employed the best available resources. The TurkStream construction employed the world's largest construction vessel, the Pioneering Spirit. Designed entirely in-house by Swiss-based Allseas Group, the world's largest vessel is now located in the Black Sea laying TurkStream natural gas pipes. The vessel commenced pipelaying for the first line of the dual 32-inch, 930-kilometer-long TurkStream pipeline in the Black Sea in June 2017.

The gross tonnage of the vessel, which was built between 2012 and 2015, is 403,342. The Allseas Group changed the name of the world’s largest offshore vessel from Pieter Schelte to Pioneering Spirit in 2015. The new name more accurately reflects the ambition behind the project -- to speedily expedite it. The € 2.7 billion vessel, which is capable of lifting topsides weighing 48,000 tonnes and jackets weighing 20,000 tonnes, goes a long way to achieve this task. The vessel also uses one of the fastest pipelaying methods, the S-lay, which has already successfully completed more than 700 kilometers of the TurkStream's offshore section. This method provides fast installation for all pipe diameters over a large range of water depths. The fast installation process is possible because the onboard assembly of the pipeline is done in a horizontal production line, the firing line. The agreement for the 1,213-kilometer-long Blue Stream natural gas pipeline project between Moscow and Ankara was signed at the end of 1997 and first gas was pumped from the pipeline in 2002. The construction of both Russian land and offshore sections of the project was completed in one year.

Although technology has moved on since the Blue Stream project, the Italian energy company Saipem used the Saipem-7000 vessel for pipelaying, which at that time was the world's second largest crane vessel employing more than 800 for the pipeline's construction. Gusto Engineering completed the design of the Saipem-7000 in 1984 and construction was carried out by the Italian Fincantieri in its shipbuilding yard located in the province of Monfalcone in the Gulf of Trieste in northern Italy between 1985 and 1987. Saipem-7000 has been in service since 1988 and the vessel is currently located in Cartagena, by the Mediterranean coast in southeastern Spain.

The TurkStream project is also comparable to the Blue Stream in that both have the same timeframe for completion. In June last year, Turkish President Recep Tayyip Erdogan in a telephone conversation with Putin said, "TurkStream is a beautiful symbol of our foreign policy based on a win-win approach in which we suggest that energy should not be a cause of conflict in international relations but a unifying instrument for peace." Putin also lauded the cooperation between both countries.

Norway's oil products sales increase in December 2017

Anadolu Agency, *18.01.2018*

The Nordic country's petroleum product sales totaled 634 million liters in December. Norway's petroleum product sales increased by 4.3 percent year-on-year in December 2017, Statistics Norway (SSB) announced on Thursday.

The petroleum product sales totaled 634 million liters in December 2017, while it was 608 million liters in the same month of 2016. SSB said that the biggest share in sales belonged to auto diesel and marine gas oil and diesel followed it. A total of 249 million liters of auto diesel were sold and 99 million liters of marine gas oil and diesel.

BP to take $1.7 billion Deepwater Horizon charge

Reuters, *16.01.2018*

BP said that it expected to take a post-tax non-operating charge of around $1.7 billion in its fourth quarter results as part of the settlement of the deadly 2010 Deepwater Horizon spill in the United States.

BP said the Court Supervised Settlement Program set up in the wake of the disaster was now winding down. "With the claims facility's work very nearly done, we now have better visibility into the remaining liability," said Gilvary, BP's CFO. "The charge we are taking as a result is fully manageable within our existing financial framework, especially now that we have the company back into balance at $50 per barrel."

Shell announces redevelopment of Penguins field in UK

Rigzone, *11.01.2018*

Royal Dutch Shell Plc. (Shell) made a final investment decision on the redevelopment of the Penguins oil and gas field in the U.K. North Sea.

According to Shell, the decision authorizes the construction of a floating production, storage and offloading (FPSO) vessel -- the first newly manned installation for the company in the northern North Sea in almost 30 years. "The redevelopment is an attractive opportunity with a competitive go-forward break-even price below $40 per barrel. The FPSO is expected to have a peak production (100 percent) of circa 45,000 barrels of oil equivalent per day," the statement read.

The Penguins field currently processes oil and gas using four existing drill centers tied back to the Brent Charlie platform. The redevelopment of the field, required when Brent Charlie ceases production will see an additional eight wells drilled, which will be tied back to the new FPSO vessel. Natural gas will be exported through the tie-in of existing subsea facilities and additional pipeline infrastructure. The Penguins field is in 165 meters of water, approximately 150 miles north east of the Shetland Islands. The field was first developed in 2002 and is a joint venture between owner and operator Shell with a 50 percent share and ExxonMobil, the other 50 percent stakeholder.

Romania poised to ramp up gas output

Oil & Price, *14.01.2018*

Do you know what unites France, Portugal, Finland, Sweden and Belgium? They all have no gas production whatsoever (interestingly, Paris is proud of it and is intent on fully banning the non-existent gas production by 2040).

Meanwhile, Romania, long in the shadow of European majors despite being the EU's third-largest gas producer, is poised to step up the game and ramp up its gas output as soon as possible. While traditionally Romania has been an onshore-producing country, its Black Sea deepwater fields bid fair to finally propel the country into the club of gas exporters. This will entail overcoming numerous challenges.

Be it lack of infrastructure or malign government interference—how Bucharest will resolve these will predetermined its success. Romania prides itself in having an oil and gas history that goes back more than 150 years. Romania joins other nations in claiming it had built the first oil refinery ever. It also claims that Bucharest was the first city to be illuminated with kerosene lamps. By the beginning of the 20th century, Romania was globally among the leading oil producers—the history of WWII speaks volumes about its importance at the time. Hitler was at pains to avoid any sort of supply disruption from Romania's oil fields, most notably from the Ploesti area, as he put it, the life of the Axis depended on that oil since hydrogenation of Germany's coal resources satisfied only a fraction of the Third Reich's oil needs. Having survived World War II and intense Allied bombing (operation Tidal Wave), Romania's infrastructure was rebuilt to see oil production peak in 1976; still, Romania's erstwhile clout has been slowly receding (now stands at 85 000 bpd).

As oil's allure is waning, gas prospects are exciting both Romanian authorities and investors. Investors in Romania's gas sector are exploring possibilities beyond the Moesian Platform, which hitherto accounted for much of its hydrocarbon production, more to the east and north along the Pericarpathian fault line. This makes perfect sense as a USGS bulletin estimated there remain around 561 BCf (16 BCm) of undiscovered gas reserves in the Moesian Platform, new stimuli are needed. A recent 2016 discovery in Buzau County turned out to be the largest gas find in the last 30 years—the 26 BCm Caragele field is expected to be brought onstream in 2019. More risk-prone companies, such as Prospex, are developing biogenic gas reserves in the northeastern part of the country, albeit thus far with limited success (the Bainet-I well found approximately 1.5 BCf of gas, to be used locally). Yet it is Romania's offshore zone that presents the most mouth-watering prospects.

Romania was the first Black Sea country to tap into its offshore resources; it spudded its first offshore well back in 1981. Since then one of the leading Romanian companies Petrom holed in more than 80 wells, overwhelmingly in the shallow parts of the Black Sea. However, as it turned out, the real treasure chest is deepwater—in 2012 ExxonMobil and OMV Petrom discovered the Neptun field, 930 meters deep, the reserves of which are estimated between 1.5 and 3 Tcf (43-85 BCm).

The companies are now in the front-end engineering and design stage, after a final investment decision in late 2019, first gas is expected by 2021. The adjacent Pelican block is expected to bear another 20-25 BCm of gas. Moreover, LUKOIL's Lira well at the Trident block, some 90 miles away from shore at sea depth of 700-800 meters, struck gas which is expected to amount to more than 30 BCm. As the block's area exceeds 1000km2, further exploration drilling might bring to light new prospective fields.

The main challenge that offshore investors face is marketing the gas in an environment still far from optimal. Although Romania is almost self-reliant when it comes to gas (it imports only around 10 percent of its needs from Russia) and it could potentially export its gas abroad, the bad state of its infrastructure has hindered these plans thus far. Pressure in its gas pipelines is lower than in those of adjacent countries, so only after 2019 can those exports come into question. Then the Hungary-Romania-Bulgaria interconnector should be completed, allowing for exports in near markets. If increasing volumes from the Black Sea are to be exported, Romania's domestic infrastructure ought to be given a substantial boost so as to accommodate more molecules. Infrastructure isn't the only structural default limiting Romania's gas production. Even poor efficiency is not the most dangerous encumbrance. Although Romania has more than 13 000 producing wells spread over 400 oil and gas fields, its well production rates are notoriously low (21 barrels of oil equivalent per well/day compared to 2,350 boe/w/day in Norway or 363 boe/w/day in the UK).

Political manipulations scare investors the most. Left unheeded, it will create a lot of headache for producers. Going against general European trends of falling royalty and specific tax rates in 2014-2016 against the background of falling hydrocarbon prices, Romania's royalty and tax rates actually increased to an average of 17.5 percent (only Hungary and the Netherlands, seemingly intent on closing down Groningen, have higher taxation rates). An oft-promised tax system overhaul has failed to materialize thus far. Romanian authorities would need to recreate the very confusing gas stock regulation, as well. The European Union would be very interested in seeing more Romanian gas on the European market. Even if it might seem as a drop in the bucket compared to Russian export volumes, it would do Brussels undeniable good to wield an additional producer. This explains why the European Commission opened an investigation into the dealings of Romanian state-owned gas transmission system operator Transgaz, supposing it abused its dominant position and deliberately underinvested in infrastructure. Getting completely rid of corruption in Romania might be a longshot but a worthy cause—the development of the Black Sea's gas reserves could kickstart a long-awaited energy sector transparency movement there.

Nord Stream ships 51B. cubic meters gas to EU in 2017

Anadolu Agency, *17.01.2018*

Nord Stream pipeline delivered 51 billion cubic meters of natural gas to consumers in the European Union in 2017, Nord Stream AG said on late Tuesday.

"This is the highest utilization since the start of operations of the Nord Stream pipeline system," it explained. The company said that last year's gas delivery means the pipeline system operated at 93 percent of its annual design capacity of 55 bcm. Nord Stream AG, based in Zug, Switzerland, is an international consortium of five major companies established in 2005 for the planning.

Also, construction and subsequent operation of two 1,224-kilometer natural gas pipelines through the Baltic Sea. The consortium noted that in the first years of operation, the pipelines' capacity was gradually ramped up, from 0.66 bcm which was transported in 2011 to 11.5 bcm in 2012, equal to 33 percent of the capacity, 23.8 bcm in 2013 or 43 percent, 35.5 bcm in 2014 or 65 percent, 39.1 bcm in 2015 or 71 percent, 43.8 bcm in 2016 at 80 percent, and last year 51 bcm or 93 percent. The Nord Stream twin pipeline system through the Baltic Sea runs from Vyborg in Russia to Lubmin near Greifswald, Germany. Upon arrival in Germany, the gas is further transferred to neighboring countries via the connecting pipelines NEL and OPAL.

China leads with most natural gas vehicles

Anadolu Agency, *17.01.2018*

China has the most natural gas vehicles globally followed by Iran and India at the end of 2017, according to the latest information from the Natural Gas Vehicle Knowledge Base - a service of NGV Global (formerly known as The International Association for Natural Gas Vehicles – IANGV).

The data showed that China leads with 5.35 million natural gas vehicles up to Dec. 31, 2017 while Iran has 4 million followed by India with 3.45 million vehicles running on natural gas.

China's share in the global market is 21.9 percent, Iran's 16.3 percent and India's 12.4 percent. The remaining countries on the top ten list are Pakistan, Argentina, Brazil, Italy, Colombia, Thailand and Uzbekistan. Bosnia Herzegovina, Israel, Ireland, Tunisia and Tanzania were at the bottom of the list with no more than 50 natural gas vehicles, while the data showed that by the end of 2017, Turkey had 3,850 natural gas vehicles.

In addition to countries, the statistics were broken down into regions in the Natural Gas Vehicle Knowledge Base. According to this information, Asia is the leading region with a total of 16.7 million cars, followed by Latin America with 5.5 million cars and Europe with 1.8 million cars. The African continent is reported to have only 193,509 natural gas vehicles.

China gas imports hit all-time high

Oil & Price, *12.01.2018*

Natural gas imports into China reached an all-time high in December as the country fought a cold spell amid efforts to reduce its dependence on coal and replace it with gas. At 7.89 million tons—including pipeline flows and LNG shipments—the December figure beat the previous record, booked in November, by 20 percent.

This record-high import rate makes for a fitting end to a year that saw natural gas imports into the country soar by 27 percent annually to 68.57 million tons. It seems Beijing's drive to reduce coal consumption and increase gas consumption was a bit hurried:

Winter hit northern China hard and led to gas shortages in certain regions, sending domestic LNG prices to a three-year high despite the global glut. That's because there are infrastructure challenges to LNG and natural gas supply to China, CNBC noted in a story from early December. The problem is the lack of enough pipelines to carry the fuel everywhere it is needed now that coal is being phased out. What's more, those pipelines that are being built, are being built too slowly to be able to respond to the increased demand for gas during peak heating season. Meanwhile, as gas had to be diverted to households, the Chinese chemical, trucking, and manufacturing industries suffered shortages, the FT reported in early December. A number of chemicals producers in southern and western China were ordered to curb or entirely shut down production until March.
Related: Cold Snap Leads To Biggest U.S. Natural Gas Draw Ever

Domestic output of natural gas has been growing, too, Reuters reported in December, rising by 9.7 percent on an annual basis from January to October. While pipeline imports all rose, the biggest increase was in LNG imports, which were 50 percent higher in the ten-year period from a year earlier. As the new year started, however, LNG prices in northern China have fallen sharply from their peak in late December. This week, according to Reuters, wholesale LNG prices in the North averaged a bit over US$848 per ton, down 45 percent from late December.

India's GAIL renegotiates LNG deal with Gazprom

Reuters, *16.01.2018*

Gas utility GAIL (India) Ltd has renegotiated the terms of a long-term liquefied natural gas (LNG) purchase deal with Russia's Gazprom, the Indian company said on Tuesday, in third such negotiation by India to make the imported fuel affordable to its price-sensitive customers.

India has been leveraging its position as one of the biggest energy consumers to strike better bargains for its companies. India has in the past renegotiated LNG deals with Qatar's RasGas and Exxon Mobil Corp, as spot prices declined substantially amid a supply glut.

GAIL signed the deal with Gazprom Marketing & Trading Singapore in 2012 to buy 2.5 million tonnes of LNG per year for 20 years on a delivered basis. The supplies are scheduled to start in the second quarter of 2018. "The two parties have agreed to an adjustment to the price and the volume of LNG supply, thus enabling GAIL to develop incremental gas markets to offtake these volumes, thereby mitigating volume risk," GAIL said. This is a step for GAIL to diversify its LNG portfolio by spreading price reference indexes across multiple geographies, so as to provide consumers a greater flexibility in service, said Chairman B. C. Tripathi.

The company has also signed contracts for sourcing up to 5.8 million tonnes of LNG from the United States. It is renegotiating its LNG purchase deals with U.S.-based Cheniere Energy and Dominion Cove Point, Oil Minister Dharmendra Pradhan told lawmakers last month.

What’s the limit for Permian oil production?

Oil & Price, *16.01.2018*

The ‘hottest shale play’ has been the media’s favorite cliché for the Permian Basin over the past year.

And while cliché, the basin straddling West Texas and New Mexico has lived up to this description—its oil production, unlike that in other basins, did not fall off a cliff during the downturn, it recently beat its own record from the 1970s, and is expected to continue to increase production more than any other U.S. shale play and account for most of the American oil production growth. The Permian has been pumping oil since the 1920s.

Conventional oil production started to decline in the late 1970s, but the fracking boom revitalized the oil-producing region in the early 2010s, and as oil prices rose last year, the Permian beat its previous record for annual oil production dating back to 1973. The Permian surge in oil production is also revitalizing other industries in small Texas towns, from frac sand trucking and oilfield services to overbooked hotels and full restaurants, as Robert Rapier wrote in Forbes about his recent visit to the Permian. This shale basin will continue to drive the U.S. oil production growth in the short to medium term, forecasts suggest. But analysts have started to question just how long the Permian can keep pumping at this relentless pace before hitting geological or financial constraints.

The Permian is now nearing 2.8 million bpd of oil production, EIA data shows. To compare, in October 2013, before the oil price crash, Permian production was 1.29 million bpd. In January and February 2016, when oil prices dipped to below $30 a barrel, the Permian production was still ticking up and exceeded 2 million bpd, compared to drops in all other main producing shale regions, including the Eagle Ford and the Bakken. EIA’s latest Short-Term Energy Outlook (STEO) from January 2018 forecasts that higher production from the Permian will account for 800,000 bpd of the expected 1.2 million bpd of total U.S. crude oil production growth between December 2017 and December 2019. The Permian is seen producing 3.6 million bpd by the end of 2019, which would be a 900,000-bpd increase from estimated December 2017 levels and would account for some 32 percent of total U.S. crude oil production in 2019. The stacked plays and the large area allow drillers to continue to develop multiple tight oil layers and increase production, even with sustained prices lower than $50 a barrel, the EIA said. The Permian’s rig count is expected to increase from about 398 at end-2017 to 490 at the end of 2019, EIA has estimated.

So booming has been the Permian production that it has overheated property prices in West Texas, but it has also created a new Texas Gold rush, as the Wall Street Journal put it—a rush by service firms and Wall Street companies to buy patches of the Texas desert to mine sand and sell it to the drillers to use as proppant. The use of more proppants—mostly sand—is one of the two primary methods of U.S. shale drillers to increase production, the other being drilling in top-tier acreages, McKinsey Energy Insights said in a report earlier this month. While the Bakken proppant intensity is already close to optimal, the Permian still has room to grow. The Delaware-Wolfcamp sub-play has an average current proppant loading of nearly 2,000 lb/ ft, and yet it could realize up to a 35-percent increase in proppant intensity before approaching its sweet spot in proppant loading per foot, McKinsey says. The analysts expect Permian proppant demand to surge to 38 million tons in 2018 from 13 million tons in 2016. According to Wood Mackenzie, however, signs have started to emerge that the relentless intensification of drilling leads to diminishing returns, and pumping twice as much sand as usual into Permian wells and drilling longer laterals doesn't deliver commensurate volumes of oil. Still, WoodMac suggests that drillers could 'change the laws of physics' and that these signs of setbacks may actually be growing pains.

In addition, drillers may soon start to test the Permian region's geological limits. And if E&P companies can't overcome the geological constraints with tech breakthroughs, WoodMac has warned that Permian production could peak in 2021, putting more than 1.5 million bpd of future production in question, and potentially significantly influencing oil prices. Then this year, U.S. drillers will have to contend with the drive in the shale patch to heed investor concerns and prioritize profits over production, and not "drill themselves into oblivion", as oil tycoon Harold Hamm has warned. Rising cost inflation in U.S. onshore also poses a question of how much increased service costs could offset production gains. "The tension going forward will be between productivity gains (in our view, the greatest perhaps already realised) and resurgent cost inflation (still playing out)," Wood Mackenzie said in a December report on upstream costs. The Permian will still be a growth story in coming years, but the combination of oil prices, capex discipline, cost curves, and geology will set the pace of that growth.

Strong oil demand growth supports oil at $70

Oil & Price, *16.01.2018*

Although oil prices were down early on Tuesday, with Brent just below the $70 threshold, robust global oil demand growth and continued OPEC-Russia production cuts are currently supporting the price of oil hovering at the $70 mark and overriding concerns that U.S. shale will grow even more than predicted.

At 12:12pm. EST on Tuesday, WTI Crude was down 0.87 percent at $63.74, and Brent Crude down 1.61 percent at $69.13. Oil prices this month have not been so high in three years.

At the end of 2017 and early 2018, the sentiment turned decisively bullish, amid geopolitical concerns—mostly from the Middle East, signs of a tighter oil market, and healthy global economic growth that boosts oil demand growth. “This rally has been driven first by robust fundamentals, with strong demand growth and high OPEC compliance accelerating,” Goldman Sachs said in a note on Tuesday, as carried by Reuters. “We see increasing upside risks to our $62 per barrel Brent and $57.5 per barrel WTI forecast for the coming months,” Goldman said. “The market is hitting technical resistance. We need to see a confirmation of a true break past $70 a barrel,” Olivier Jakob at consultancy Petromatrix told Reuters.

So far this year, the oil market has looked more to the bullish factors and ignored the largest bearish one—the rise in U.S. oil production. American production growth has stalled in recent days because of the very cold weather, according to analysts. EIA weekly data shows production was 9.492 million bpd in the week to January 5, down from 9.782 million bpd the previous week. Hedge funds have also been very bullish lately and have taken a record net long position in the main crude oil and fuels futures and options contracts in the week to January 9. Although this has left the market too stretched and exposed to risk of a correction, it looks like not many money managers are currently willing to bet against an oil price increase just yet, Reuters market analyst John Kemp says.

Brent oil hovers around $69 at week ending Jan. 12

Anadolu Agency, *12.01.2018*

International benchmark Brent crude decreased to $68.99 while American benchmark WTI saw prices at $63.34 at 12.19 GMT on Friday.

Crude oil, which started the week at approx. $67 per barrel, hit $70 per barrel on Thursday, the highest level in three years supported by OPEC's production cut agreement. OPEC and Russia's extension of the output cut deal in 2018 has trimmed some of the oversupply in the global market, adding that the sudden decline in the U.S.' weekly crude oil production also pushed oil prices higher.

According to the U.S.' Energy Information Administration (EIA) data released late Wednesday, crude oil output declined sharply by 290,000 barrels per day (bpd) to 9.49 million bpd last week, due to snow storms and freezing temperatures in the country. The U.S.' commercial crude oil inventories also decreased by 4.9 million barrels last week, more than the market expectation of a 3.9 million barrel decline, according to the EIA.

What gas industry trends will be seen in 2018?

Anadolu Agency, *12.01.2018*

Four notable trends have been identified for the gas industry in 2018 focusing on dynamic gas pricing, consolidation and corporate restructuring, the increasing globalization of gas markets and the change of LNG usage, Mark Simons.

Simons told Gastech, an online energy discussion platform, that in 2018, oil would continue to play an important, influential part for global LNG pricing. Throughout 2017 when commodity prices rose, gas prices followed suit, forced upwards up by rising oil and coal prices as well as various supply and demand issues specific to the gas market.

He explained that,"If oil comes off, there will be more downside risk to the gas price, given the increase in the expected supply of LNG this summer. Whereas, if we see oil prices rise above where they are now, there could be less pressure on gas prices in the summer across all regions, particularly in Europe, given the market has a lot of available LNG import capacity," he explained. Simons said the trend in corporate takeovers, mergers and acquisitions in the gas and energy industry seen in 2017 would continue in 2018 because companies are looking to adjust their portfolios to be better placed for an impending energy transition. "In terms of new business models, I think we will see gas companies who have traditionally been looking at long-term contracts and sales become more flexible and look towards shorter term and more customer-focused deals. The change in contracts will allow the companies to be better placed to sell volumes in a market, which is long supplied," he said.

A lot of corporate change is destined to come especially in Europe, Asia and the U.S., he added. He also noted that gas pricing in all regions would become increasingly driven and influenced by Henry Hub - the U.S.-based distribution hub - because of the increased volumes of uncommitted LNG being produced in the U.S. According to Simons, the Henry Hub influence is likely to increase the need for price risk management and currency risk management as players seek to manage the increasing impact the dollar has on their gas purchasing in Europe. "Some of the newer players of LNG trading, who have emerged in recent years, will continue to increase the amount of transactions they do and seek to offer new market opportunities for new buyers of LNG, which hasn't necessarily happened in the past," he added. Simons stressed that the use of LNG would also change and this would mostly happen in the shipping industry, where the market could become a major buyer of LNG for large-scale ships but also for ferries and smaller-scale ships.

"Although this will not transform the market in 2018, I believe it will continue to grow as more companies will look to have LNG kit on their ships rather than oil burning kit. However, to lead to significant change in the long-term we will need to see legislation and policy drivers on emissions from ships become a lot more severe before we see any transformative change," he added.

Oil rally stumbles on fears hedge fund buying spree went too far

Rigzone, *16.01.2018*

Oil reversed course as a record crude-buying spree by hedge funds spurred concern that prices may be due for a correction after hitting three-year highs.

Futures in New York slipped 0.9 percent on Tuesday, ending a five-day rally, while prices in London slid to the lowest in a week. Hedge funds last week boostedÂ their bullish bets on crude to record levels, according to the U.S. Commodity Futures Trading Commission and ICE Futures Europe. Now traders are weighing signs crude may be overbought. "Typically when the boat gets tipped greatly to one side,

Like it is right now, you get a reversal," said John Kilduff, a partner at Again Capital LLC, a New York-based hedge fund, by telephone. "There's a lot of technical aspects working against" the price rally, he said. Crude has surged in the face of OPEC's commitment to maintaining output curbs until the end of this year and shrinking stockpiles in the U.S. and elsewhere. But the rally has triggered fears that the group could revise the plan or that adherence to the cuts could start to falter. In recent days, several ministers of key OPEC countries called for the group to stay the course despite the recent highs.

OPEC and its allies shouldn't make any hasty decisions given the recent increase in the crude price and the pact should continue on, Russian Energy Minister Alexander Novak told reporters in Moscow. West Texas Intermediate for February delivery fell 57 cents to settle at $63.73 a barrel on the New York Mercantile Exchange. There was no settlement Monday because of the Martin Luther King Jr. holiday in the U.S., and all transactions will be booked Tuesday. Brent for March settlement dropped $1.11 to end the session at $69.15 a barrel on the London-based ICE Futures Europe exchange. The global benchmark crude traded at a premium of $5.48 to March WTI.

"This is really just a little bit of consolidation in oil pricing. Traders are taking a bit of a breather," Michael Loewen, a commodities strategist at Scotiabank in Toronto, said by telephone. "The fundamentals are still very positive, so there's no reason to panic. A slight pull-back should help the market continue on."While price gains might encourage producers to lift output, it won't significantly affect the price of the most immediate futures, according to a report from Goldman Sachs Group Inc. on Tuesday. A decline in global inventories, coupled with demand growth and OPEC nations adhering to output cuts, has helped to raise prices and the advance means that futures may exceed the bank's forecast, Goldman said.

But a key technical indicator calls for caution. WTI's 14-day relative strength index has lingered above 70 since last week, signaling the commodity is overbought. Hedge funds increased their WTI net-long position by 10 percent to all-time high of 437,770 futures and options during the week ended Jan. 9, according to data from the CFTC. The Brent net-long position increased 1.5 percent to a record 574,152 contracts, ICE Futures data showed.

Announcements & Reports

► Annual Energy Outlook 2017

Source : EIA
Weblink : https://www.eia.gov/outlooks/aeo/pdf/0383(2017).pdf

► Energy Deals 2017 Annual Review

Source : PWC
Weblink : https://www.pwc.com.tr/tr/sektorler/enerji/enerji-sektorunde-birlesme-satin-almalar-energy-deals-2017.pdf

► Gas Supply Changes in Turkey

Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/01/Gas-Supply-Changes-in-Turkey-Insight-24.pdf

Upcoming Events

► European Gas Conference 2018

Date : 29 January 2018
Place : Vienna, Austria
Website : https://www.europeangas-conference.com/

► Egypt Petroleum Show

Date : 12 February 2018
Place : Cairo, Egypt
Website : http://www.egyps.com/

► North Africa Petroleum Exhibition & Conference

Date : 03 March 2018
Place : Oran, Algeria
Website : www.napec-dz.com/NewDefault.aspx?lg=en

► The 10th International Petroleum & Natural Gas Summit

Date : 27 - 28 March 2018
Place : Beijing, China
Website : http://oil.zhenweievents.com/en/

► The 8th International Offahore Engineering Technology & Equipment Exhibiton

Date : 27 - 29 March 2018
Place : Beijing, China
Website : http://www.chinamaritime.com.cn/en/

► Kuwait Oil & Gas Summit

Date : 16 April 2018
Place : Kuwait City
Website : www.cwckuwait.com/

► International Conference on Petroleum & Petrochemical Economics

Date : 26 April 2018
Place : Istanbul, Turkey
Website : www.waset.org/conference/2018/04/istanbul/ICPPE

Supported by PETFORM

► Flame Conference 2018

Date : 14 – 17 May 2018
Place : Amsterdam
Website : https://energy.knect365.com/flame-conference/?vip_code=FKA2659PETFORM

► 27th World Gas Conference

Date : 25 - 29 June 2018
Place : Washington DC
Website : https://wgc2018.com/?src=Upstream

► *Offshore Oil & Gas and Chemical Industry Technology and Equipment Exhibition*

Date : 23 - 25 August 2018
Place : Shanghai
Website : http://sh.cippe.com.cn/en/For_Visitors/Venue_Time/